

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 COME-00 EB-07 INR-07  
LAB-04 NSAE-00 SIL-01 /045 W  
-----131746Z 104540 /50

R 131309Z MAY 77  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 8240  
INFO AMCONSUL BREMEN  
AMCONSUL DUSSELDORF  
AMCONSUL FRANKFURT  
AMCONSUL HAMBURG  
AMCONSUL MUNICH  
AMCONSUL STUTTGART  
USMISSION USBERLIN  
USMISSION EC BRUSSELS  
USMISSION OECD PARIS  
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E.O. 11652: N/A  
TAGS: ELAB, GW, ECON, EFIN  
SUBJECT: EMPLOYMENT EFFECTS OF FRG MEASURES TO REMEDY  
RECESSION (NO. 3)

REF: (A) BONN 19247; (B) BONN 13417

SUMMARY: THE FEDERAL EMPLOYMENT SERVICE'S LATEST  
REPORT -- PROVIDING EMPLOYMENT DATA THROUGH JUNE  
1976 -- INDICATES THE FRG ATTEMPTS TO CREATE NEW JOBS  
CONTINUE WITHOUT SIGNIFICANT RESULTS. EMPLOYMENT  
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ROSE SLIGHTLY DURING THE SECOND QUARTER OF 1976, UP  
0.5 PERCENT OR 89,700, BUT REMAINED 0.8 PERCENT OR  
155,900 BELOW THE LEVEL OF THE PREVIOUS YEAR AND STILL  
1,020,000 BELOW THE PRE-RECESSION LEVEL IN SEPTEMBER  
1974. END SUMMARY.

1. THE FEDERAL EMPLOYMENT SERVICE RECENTLY PUBLISHED

EMPLOYMENT STATISTICS FOR THE SECOND QUARTER OF 1976.  
(LAGS OF 9 TO 10 MONTHS BETWEEN END OF A QUARTER AND  
RELEASE OF DATA ARE NORMAL.) ACCORDING TO ITS  
REPORT, EMPLOYMENT IN THE FRG ROSE 0.5 PERCENT OR  
89,700 DURING THE SECOND QUARTER OF 1976. THERE WERE  
19,939,300 PERSONS EMPLOYED IN REGISTERED JOBS, DOWN  
OVER 155,900 OR 0.8 PERCENT FROM THE LEVEL RECORDED  
ONE YEAR EARLIER.

2. IN A SECTOR BY SECTOR ANALYSIS, THE STATISTICS  
CONFIRMED SIGNIFICANT GAINS IN EMPLOYMENT (FROM JUNE  
1975 TO JUNE 1976) IN ONLY THREE MAJOR SECTORS:  
MINING AND ENERGY (UP 5.9 PERCENT), COMMERCE (UP 1.1  
PERCENT), AND SERVICES (UP 3.4 PERCENT).

3. THE NEW FIGURES SHOW THAT EMPLOYMENT REMAINED  
SUBSTANTIALLY BELOW SEPTEMBER 1974 LEVELS, WHEN EMPLOY-  
MENT IN THE FRG WAS AT ITS HIGHEST. ONLY IN THE  
MINING AND ENERGY, SERVICES, NON-PROFIT ORGANIZATION  
AND HOUSEHOLDS, AND REGIONAL PLANNING SECTORS HAS THERE  
BEEN ANY REAL JOB CREATION.

4. THE FOLLOWING TABLE SUMMARIZES EMPLOYMENT TRENDS  
IN THE FRG FROM SEPTEMBER 1974 THROUGH JUNE 1976 AS PRE-  
SENTED IN THE REPORT. (INDICATES MAJOR SECTOR OF  
ECONOMY FOR STATISTICAL PURPOSE.)

#### EMPLOYMENT BY INDUSTRY DIVISION AND MAJOR MANUFACTURING GROUP

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INDUSTRY DIVISION	EMPLOYMENT			
MANUFACTURING GROUP				

TABLE (CONT'D)

	1974	1975	1976	
	9/30/74	6/30/75	3/31/76	6/30/76
FORESTRY,	205,393	204,048	195,161	196,345
FISHING				
MINING,	459,335	471,048	483,069	499,191
ENERGY				
MANUFACT.	9,227,619	8,678,057	8,475,992	8,434,788
CHEMICALS	656,495	638,533	620,368	618,152
PLASTICS	345,012	318,813	318,470	320,762
STONE, GLASS,	433,588	400,783	376,426	381,249
EARTH				
STEEL	416,870	404,696	386,119	382,760
MACHINE	1,119,350	1,061,870	1,040,853	1,026,075

CONSTRUCT.

VEHICLE 981,437 927,032 934,755 936,177

CONSTRUCT.

ELECTRICAL 1,159,225 1,069,570 1,026,442 1,023,290

ENGINEERING

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R 131309Z MAY 77

FM AMEMBASSY BONN

TO SECSTATE WASHDC 8241

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AMCONSUL STUTTGART

USMISSION USBERLIN

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USMISSION OECD PARIS

USMISSION GENEVA

AMEMBASSY BERLIN

AMEMBASSY PARIS

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TABLE (CONT'D)

1974	1975	1976
9/30/74	6/30/75	3/31/76 6/30/76

TOYS,JEWELRY 501,591 461,873 451,406 449,186

WOOD WORKING 443,531 417,844 416,160 417,869

TEXTILES 414,015 384,818 364,370 361,613

CLOTHING 363,393 343,041 333,214 324,022  
 FOOD 761,663 726,972 719,152 721,110  
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CONSTRUCT. 1,829,967 1,663,341 1,574,226 1,637,249  
 1,358,626 1,232,127 1,164,212 1,215,058

TRADES

FINISHING 471,341 431,214 410,014 422,191

TRADES

COMMERCE 2,863,690 2,741,335 2,771,426 2,770,440

TRAFFIC 1,038,677 1,003,506 963,315 968,693

COMMUNICAT.

BANKING 738,421 720,264 722,682 719,697

INSURANCE

SERVICES 2,956,867 2,948,631 3,010,321 3,049,755

TABLE (CONT'D)

1974	1975	1976
9/30/74	6/30/75	3/31/76 6/30/76

RESTAURANTS 348,398 360,782 346,553 368,341

HOTELS

CLEANING, 301,257 292,072 282,826 282,904

PERS. HYGIENE

SCIENCE,ART, 674,979 675,452 691,885 693,637

P.R.

HEALTH, VET. 804,622 814,520 867,329 871,334

CARE

OTHER 827,611 805,805 821,728 833,539

ORGANIZAT. 315,782 316,662 323,164 325,022

PRIV.HOUSEHOLDS

REG.PLAN- 1,307,690 1,325,993 1,316,152 1,319,992

ING ORGANIZ.

SOC. SECURITY

REG.PLAN- 1,149,164 1,155,582 1,151,522 1,156,615

ING ORGANIZ.

SOC.SECURITY 158,526 170,411 164,630 163,377

TABLE (CONT'D)

1974	1975	1976
9/30/74	6/30/75	3/31/76 6/30/76

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WITHOUT 16,275 22,244 13,982 18,103  
 SPECIFIC.

TOTAL 20,959,716 20,095,129 19,849,490 19,939,275

5. JUDGED ON THE BASIS OF THESE LATEST AVAILABLE FIGURES, THE VARIOUS GOVERNMENTAL INCENTIVES AND MAN-POWER PROGRAMS AIMED AT CREATING EMPLOYMENT APPEAR TO BE HAVING LITTLE EFFECT. IN THE CONSTRUCTION INDUSTRY, WHERE THE FRG HAS FOCUSED OVER DM 5.1 BILLION IN INCENTIVES SINCE FALL 1975, EMPLOYMENT PICKED UP SLIGHTLY OVER MARCH 1976 LEVELS (PROBABLY DUE TO SEASONAL INFLUENCES), BUT REMAINED LOWER THAN BEFORE THE GOVERNMENT INTERVENTION.

6. IN MANUFACTURING, THE PRIMARY GOAL OF THE 1975 INVESTMENT INCENTIVE PROGRAM, THE EMPLOYMENT TRENDS ARE

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SIMILARLY DISAPPOINTING. EMPLOYMENT IN MANUFACTURING CONTINUES TO DECLINE. EVEN THE BOOM IN THE AUTOMOTIVE INDUSTRY HAS BEEN UNABLE TO REESTABLISH PRE-RECESSION EMPLOYMENT LEVELS. DESPITE A SLIGHT UPWARD TREND IN THE VEHICLE CONSTRUCTION SECTOR, IT APPEARS RATIONALIZATION HAS INDEED MADE A STRONG IMPACT ON THE INDUSTRY, WHICH UNIONS CHARGE WAS A BY-PRODUCT OF INVESTMENT INCENTIVES.

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7. IN HEALTH CARE EMPLOYMENT HAS CONTINUED TO RISE STEADILY THROUGH SEPTEMBER 1974. MANY OBSERVERS ATTRIBUTE THIS PHENOMENON TO THE BURGEONING OF HEALTH COSTS IN THE FRG. INCREASING HEALTH COSTS HAVE RECENTLY COME UNDER STRONG ATTACK AND GOVERNMENT EFFORTS TO SLOW THE PACE HAVE MET WITH FORECASTS THAT ATTEMPTS TO REGULATE COSTS MAY MEAN REDUCTIONS IN EMPLOYMENT. ALREADY SOME MEDICAL TECHNICIANS REPORTEDLY HAVE BEEN LAID OFF.

8. COMMENT: THE GOVERNMENT HAS BEEN TAKING AN INCREASING AMOUNT OF POLITICAL FLAK OVER THE EMPLOYMENT/ UNEMPLOYMENT ISSUE. LABOR LEADERS AND SOME OTHER MEMBERS OF THE COALITION PARTIES HAVE JOINED THE OPPOSITION IN CRITICIZING THE GOVERNMENT'S FAILURE TO SOLVE THE PROBLEM.

UNEMPLOYMENT FIGURES ARE, OF COURSE, THE MOST VISIBLE RAMIFICATION OF THE FRG'S PROBLEM IN THE LABOR AREA. (APRIL FIGURES EVIDENCED A 4.6 PERCENT UNEMPLOYMENT RATE, OR 1,039,400 OUT OF WORK). THE REAL ROOT OF PROBLEM, HOWEVER, LIES IN THE AREA OF JOB CREATION. INSTEAD OF CREATING JOBS, GOVERNMENT EFFORTS HAVE SUCCEEDED MAINLY IN TAKING WORKERS OFF THE LABOR MARKET -- THROUGH EARLY RETIREMENT, A FREEZE IN NEW FOREIGN LABOR, AND A PROPOSED ADDITIONAL SCHOOL YEAR. MEANWHILE, THE NUMBER OF INDUSTRIAL SECTORS PROVIDING NEW EMPLOYMENT HAS SHRUNK DRASTICALLY.

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## Message Attributes

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